

## **Barbara D. Bovbjerg Comments for the Record**

July 8, 2011 Hearing

Subcommittee on Social Security

Committee on Ways and Means

House of Representatives

Q: To complete the record for the July 8<sup>th</sup> hearing on Social Security's finances, Chairman Johnson asked GAO to discuss changes to the statement that the Social Security Administration should consider to better help younger workers understand what their benefits might be and how to plan for their futures.

A: Before the Social Security Administration (SSA) suspended the statement mailings this past March, SSA provided annual statements to eligible workers age 25 and over. Although the agency provided the same version to all recipients of the statement, in recent years, SSA has taken steps to ensure that younger workers receive age-specific information with the statement.<sup>1</sup> Specifically, since 2009, SSA has included an insert with the statement for workers ages 25-35 titled "What young workers should know about Social Security and saving." This insert provides information on the future of Social Security, the role of Social Security benefits in retirement, the importance of independently saving and investing, and other Social Security benefits. As a result, this insert provides key information on Social Security to younger workers that can help them understand available benefits and plan for their futures. This insert is also consistent with practices we reported on in our 2005 report on the statement's understandability. For example, officials from both consulting firms and other countries told us that workers are more likely to read and remember information that is relevant to them, and because of this, the United Kingdom reported sending messages to younger workers emphasizing the importance of starting to save for their retirement early in their careers.

While including the insert for younger workers with the statement was a step towards providing this group with age-appropriate Social Security information, the statement has not been mailed to anyone for the past few months, and SSA is in the process of considering moving to an online statement. In my testimony, I concluded that providing the statement online holds real promise as a way of distributing this information, as it can both meet the electronic demands of an increasingly Internet-literate population while providing flexibility for improved statement design. Although a prototype of the online statement was not available at the time of our review, officials told us that the first version of the online statement will be as similar to the most recently mailed statement as possible, and the same content that was available on the inserts will be made available online. If SSA moves forward with this approach, it will be important for the

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<sup>1</sup> SSA has also taken steps to ensure that workers nearing retirement receive age-specific information. Since 2000, the agency has included an insert titled "Thinking of retiring?" with the statement for workers age 55 and older.

agency to (1) ensure the information that was previously provided on the insert for younger workers is clear and easy to access in the online statement, and (2) continue to consider our 2005 recommendations on ways to improve statement design, such as using graphics to aid readers in quickly comprehending information and placing all personalized benefit information at the front of the statement. Ensuring that the statement is accessible and easy to understand is important, as it is the federal government's main document for communicating with workers about Social Security benefits, the long-term financial challenges the system faces, and the implications of any future reforms of the system.

Finally, as I noted in my testimony, SSA did not have plans in place for publicizing the online statement at the time of our review. Given that the agency's own survey of statement recipients found that only one-fifth of respondents would prefer to receive an electronic statement if it was made available, SSA will likely need to employ a substantial public relations strategy to ensure workers are made aware of and encouraged to access the online statement. Although making the statement available online may be a way to easily provide this information to Internet-literate younger workers, SSA will need to focus efforts on publicizing the statement's importance for younger workers to encourage them to access this information. Because of the high proportion of young adults who regularly use the Internet for various activities, it might be assumed that younger workers would be the group most likely to access an online statement. However, a 2010 survey of adults by the Pew Internet and American Life Project found that only one-third of Internet users ages 18-33 reported accessing financial information online, and only about 60 percent had visited a government website. In contrast, a larger proportion of older Internet users ages 34-64 reported going online for these reasons.